

**CLASSIFICATION OF OPERATING EXPENSES
OPERATING REVENUES AND EXPENDI-
TURES FOR ROAD AND EQUIPMENT**

**FOR THE USE OF
ELECTRIC RAILWAYS**

**ADOPTED AS STANDARD BY THE
AMERICAN STREET AND INTERURBAN RAILWAY
ACCOUNTANTS' ASSOCIATION**

OCTOBER 15, 1908

**SUBSTANTIALLY CONFORMING WITH THE CLASSIFICATIONS
PRESCRIBED BY THE INTERSTATE COMMERCE COMMISSION
IN ACCORDANCE WITH SECTION TWENTY OF THE ACT TO
REGULATE COMMERCE**

**ADOPTED BY THE
BUREAU OF RAILWAYS—DEPARTMENT OF INTERNAL AFFAIRS
OF THE COMMONWEALTH OF PENNSYLVANIA**

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AMERICAN STREET AND INTERURBAN RAILWAY ACCOUNT-
ANTS' ASSOCIATION.

STANDING COMMITTEE ON A STANDARD CLASSIFICATION OF
ACCOUNTS AND FORM OF REPORT.

(June 1, 1909.)

W. F. HAM, *Chairman*, Washington, D. C.
H. L. WILSON, Boston, Mass.
W. B. BROCKWAY, New York, N. Y.
W. H. FORSE, JR., Anderson, Ind.
F. E. SMITH, Chicago, Ill.

REPORT OF COMMITTEE ON STANDARD CLASSIFICATION OF ACCOUNTS AND FORM OF REPORT.

At the Twelfth Annual Convention, Atlantic City, N. J., Oct. 15, 1908.

To the American Street and Interurban Railway Accountants' Association:

Gentlemen:—During the past year the classification of accounts for electric railways has been a very active subject. Both the Interstate Commerce Commission and the Public Service Commissions of the First and Second Districts of New York have issued tentative classifications which have kept the question prominently before the attention of electric railroad interests as a whole. It is safe to say that at no time in the history of the industry has the question of accounting been considered of such vital moment and so occupied the attention of not only the accounting officers, but also the managers and presidents of the roads.

In order that there may be a clear understanding of the situation, let us refer briefly to matters occurring in the early days of this association.

The Street Railway Accountants' Association was organized at Cleveland, Ohio, March, 1897. At that time a paper, entitled "Suggestions for a Standard System of Accounts Classification of Operating Expense Accounts and Form of Report That Will Admit of Comparison and Diffuse Information Between Companies," was presented to the convention by Mr. C. N. Duffy, then secretary and treasurer of the Citizens' Street Railway Company of St. Louis. One quotation alone from that paper is suggestive in view of recent developments.

The one object that should be uppermost in the mind of the accounting officer of a street railway is to keep his operating expense accounts in such a way that the management of the road will profit by the information. In order to have a classification of operating expense accounts that will admit of this, there is a great danger of having too much subdivision and itemization. This necessitates not only a mass of figures, but a corresponding amount of detail work that sometimes proves unwieldy.

At this convention there was appointed a Standing Committee for the Standard Classification of Operating Expense Accounts, etc. This committee was active in its work and submitted a report to the first annual convention, at Niagara Falls, October, 1897, which report was the subject of animated discussion by the convention. Again, at the second annual convention of the association, at Boston in September, 1898, they submitted a revised report, which was adopted and the classification recommended for general adoption by the members of the association.

That classification called for 39 operating expense accounts and, with some minor alterations, has remained the standard of this association up to the present time. Its simplicity was its chief recommendation, making it possible for the smallest companies to keep their accounts in accordance with the classification without undue trouble or expense. Yet it was capable of indefinite expansion, and its elasticity and flexibility made it entirely possible and practicable for the largest companies in the country to keep their accounts in accordance with the classification and yet have for their own purposes such detailed information as they desired. In the discussions of the past year it has been gratifying to the members of

this committee, and we believe a compliment to this association, that out of the chaos that existed in street railway accounting up to the time of the organization of this association there evolved a classification which has stood the test of nearly 10 years' actual use.

That classification, however, was prepared before the advent of the interurban road. Realizing that the nature of the business conducted by the interurban road was considerably different from that of the strictly urban road, and desiring to have a classification which would meet the requirements of all classes of electric roads, a committee of three, Messrs. W. H. Forse, Jr., A. B. Bierck and A. C. Henry, representing large interurban roads, was appointed to approach the subject from a strictly interurban standpoint, and to prepare a classification which would meet the requirements of roads of that character, without regard to the classification then in use by electric roads. This committee devoted much time and thought to the work and submitted a classification which later on was the basis of a joint conference between the Classification Committee and the committee representing interurban roads. Subsequent to this conference a classification was prepared and submitted at the last convention of this association at Atlantic City, October, 1907, was fully discussed by the association and finally adopted in accordance with the following resolution:

Resolved, That the Tentative Classification of Operating Expense Accounts submitted by the Committee on Standard Classification of Accounts and Form of Report be approved as amended and referred back to said committee for final revision, with power to act.

Since then your committee has had many conferences with representatives of the Interstate Commerce Commission and have also been twice present at hearings before the Public Service Commission of New York, Second District. It is unnecessary at this time to refer in detail to all that has happened. We refer particularly to the circular letter of the American Street and Interurban Railway Association, dated Feb. 26, 1908, mailed to general managers and auditors of member companies and containing a brief statement of the situation up to that date. Circular No. 20 of the Interstate Commerce Commission was sent out by said commission the last of February, and every railroad company in the country was given an opportunity to express its views. The time for reply, originally placed as March 28, was afterward extended to May 5. As you all know, the subject was thoroughly discussed, and general dissatisfaction was manifested by all companies concerned.

On May 11, the replies to Circular No. 20 having been all received and copies having been furnished to our association, a meeting of this committee was held in Washington in conference with a committee of the American Association to go over the replies and to consider the question generally. On May 12 and 13 we were in conference with the representatives of the Interstate Commerce Commission and agreed upon a mod-

ified classification, from which were eliminated all of the features most objectionable to the electric railway interests. These objectionable features were primarily the treatment of depreciation, the joint facilities accounts and the division of such accounts as "printing and stationery," injuries and damages" and "insurance" among all accounts affected. It was also agreed that there should be three classifications, based upon the size of the companies, thereby reducing the burden upon the smaller companies.

In regard to depreciation, the proposed classification provides an alternative method for the treatment of depreciation of "way and structures" and of "equipment." The position of the Interstate Commerce Commission is that, in view of the fact that the responsibility for the administration of accounting rules relative to electric railways rests largely upon the railway commissions of the different States, the orders of the respective State commissions should be accepted as controlling orders rather than the order of the Interstate Commerce Commission. It is understood that the reports of electric railways subject to the jurisdiction of the Interstate Commerce Commission will conform, so far as the treatment of depreciation is concerned, to the order of the State in which the larger portion of the railway is situated.

It was agreed that the text should be prepared by this committee and submitted to the Interstate Commerce Commission for their criticism and final action. Your committee met in Atlantic City the following week and prepared a text which was submitted to the Interstate Commerce Commission for their approval. This text has not yet been published, owing to the fact that the Interstate Commerce Commission has postponed the date of the new classification being effective until January 1, 1909.

The classifications as finally agreed upon are set forth herein, and, in view of the trying and confused conditions that have prevailed during the past year, we feel that they should be generally acceptable to electric railway interests. A comparison of this classification with the Atlantic City (1907) classification will show that there are no vital differences between the two classifications. We, therefore, recommend that these classifications be adopted as a standard of the association. This association has from the outset urged the importance of uniformity, and, inasmuch as these classifications have been adopted by the Interstate Commerce Commission and will doubtless be adopted by many State commissions, it seems most desirable that the members of this association should use this classification, whether or not they are subject to Federal or State supervision.

The committee is unanimously of the opinion, however, that discounts and commissions on securities issued for construction purposes, or to raise funds for construction, should be considered a proper capital expenditure and therefore be charged to expenditures for road and equipment.

In order to insure uniform treatment of these classifications, it is strongly recommended that member companies who may be in doubt as to the correct interpretation of any of the instructions, communicate with the chairman of the committee for a ruling by the committee. In

this way we feel that the committee can in the future, as in the past, render valuable assistance in securing that uniformity which is essential to the proper carrying out of the classifications of accounts.

We submit, as a part of this report, herewith a copy of the Report of the Committee on Construction and Operating Expenses of Electric Railways, submitted to the 19th annual convention of the National Association of Railroad Commissioners, held on Oct. 6-8, 1908, at Washington, D. C.

During the year two vacancies have occurred in the membership of this committee, Mr. Frank R. Henry and Mr. W. G. McDole.

Both of these gentlemen had been for many years active in the work of the association and of this committee, and we desire that our sense of appreciation of their valuable services be made a matter of record in this report.

The vacancies so occurring have been filled by the appointment of Mr. W. B. Brockway and Mr. W. H. Forse, Jr.

We desire to thank many individual members of the association for the assistance they have cheerfully rendered the committee. It has often been necessary to call upon them for help and advice, and none has been found wanting.

Respectfully submitted,

W. F. HAM, *Chairman*,
H. L. WILSON,
C. N. DUFFY,
W. B. BROCKWAY,
W. H. FORSE, JR.

The report was discussed and approved as follows:

Acting President Wallis:—The question comes now on the adoption of the report of this committee, with the recommendations. Is there anything further to be said on the matter?

On motion, duly seconded, the report was accepted and the recommendations adopted.

REPORT OF THE COMMITTEE ON CONSTRUCTION AND OPERATING EXPENSES OF ELECTRIC RAILWAYS, PRESENTED AT THE 19th ANNUAL CONVENTION OF THE NATIONAL ASSOCIATION OF RAILWAY COMMISSIONERS.

Your Committee on Construction and Operating Expenses of Electric Railways has the honor to submit the following report:

In carrying out the provisions of section 20 of the Act to Regulate Commerce, as amended, the Interstate Commerce Commission realized the importance of first providing a uniform system of accounts for the steam carriers by which the great volume of commerce of the country is moved. It was for that reason that the preparation of a uniform system of accounts for electric railways was not actively taken up until the latter part of last year. In then entering upon the work, the commission followed the plan adopted in connection with the preparation of the system of accounts for steam railways. In other words, the electric railways were asked to co-operate in the matter. Various conferences were had with the representatives of the American Street & Interurban Railway Association and with members of the American Street and Interurban Railway Accountants' Association. As the result of these conferences a tentative text of classification of operating expenses and expenditures for road and equipment was prepared and submitted to the various electric railways of the country for their criticism. Subsequently the text underwent some modifications to meet the suggestions made by the various interests involved. And these changes not only met with the approval of the representatives of the two associations above mentioned at a meeting held in Washington on May 12 and 13, 1908, but at that time were also considered and approved by representatives of several of the State railroad Commissions. At this conference a special committee of five, consisting of four electric railway accountants and a representative of the Interstate Commerce Commission, was appointed for the purpose of making a final draft of the text for these accounts. This committee met at Atlantic City during the week of May 18 and prepared the text of the Classification of Expenditures for Road and Equipment and the Classification of Operating Expenses, which on the first day of June last were approved by the Interstate Commerce Commission and are now ready for distribution.

The annual operating revenues of the different electric railways in the United States seem to vary from less than \$10,000 to \$17,000,000. In order not to embarrass the smaller companies by requiring them to adopt a more elaborate system of accounts than was necessary, it was

decided to divide the electric carriers of the country into three classes designated as Class A, Class B and Class C. Class A embraces all the electric railways of the country that enjoy annual operating revenues of more than \$1,000,000. For this class the text of the classification of operating expenses, thus prepared and approved by the Interstate Commerce Commission, provides for 88 accounts. Class B includes all the electric roads, the annual operating revenues of which are more than \$250,000, but not in excess of \$1,000,000. For these roads the classification of operating expenses, as approved by the commission, embraces 58 accounts. In Class C are grouped all electric lines that have annual operating revenues of not more than \$250,000. And for roads of this class the classification of operating expenses, approved by the commission, provides 36 items. The 88 accounts provided in the text for roads in Class A are so grouped that roads belonging either to Class B or to Class C can readily determine the accounts to which various items are to be charged. It is also possible to reduce the various accounts of Classes A and B to the 36 accounts provided for railways of Class C, thus affording an accurate basis for a general comparison of the operating expenses of all classes of electric railways.

An examination of the classification of operating expenses for electric lines thus prepared and approved by the commission will disclose the fact that it differs from the corresponding classification for steam lines in two particulars.

First. Joint Facilities, Debit and Credit, accounts are altogether eliminated on the ground that the occasion for the use of these items in connection with the operating expenses of electric lines is not sufficient to warrant the refinement in accounting methods which the application of such accounts would require. Many electric railway companies are, however, engaged not only in the transportation of passengers and property, but in the business of furnishing light to municipal communities, as well as power for the operation of manufacturing enterprises. To meet that situation Joint Debit and Credit Accounts are inserted to provide for such inter-departmental charges. Under this arrangement the total cost of producing power for transportation and lighting, for example, will be carried in the primary accounts of either one of the departments, and the necessary adjustment can be made through the Joint Debit and Credit Accounts.

The second respect in which the classification of operating expenses for electric lines differs from the classification of operating expenses of steam lines, is in the matter of depreciation charges. This matter was left to the judgment of the several State commissions, at whose hands the whole question of depreciation will doubtless receive careful consideration. Although your committee assumes that the same tests that are applied to determine whether a steam railroad is under the jurisdiction and authority of the Interstate Commerce Commission will suffice also to determine whether particular electric lines are under the jurisdiction and authority of that body, nevertheless, it seems to be true

that a substantial portion of the electric mileage of the country is not subject to the provisions of the act to regulate commerce. It was largely on this account that the Interstate Commerce Commission thought it best to accept from such electric carriers as are subject to its jurisdiction, reports including or excluding depreciation charges according as the several State commissions might require them or not. That is to say, if greater portion of a particular interstate electric line is within the boundaries of a State which does not require the State lines to report depreciation charges, this will not be required in the reports of that line to the Interstate Commerce Commission. On the other hand, where the whole or a greater part of a particular electric lines lies within a State which does insist upon depreciation charges, the Interstate Commerce Commission will require such charges to be set up in the reports made to it by that line. Under this arrangement the particular company will report in the same manner both to its State commission and to the Interstate Commerce Commission.

The matter of the date for making the classifications effective was the occasion of some difficulty and embarrassment. While the fiscal year of steam carriers generally closes with June 30 of each year, this seems not to be universally the case with electric lines. In investigating the question it was ascertained that of 193 designated companies, located in 39 different States, 113 had been in the habit of closing their fiscal year on December 31 of each year, 43 on June 30, 14 on September 30, and 23 on other dates. This investigation seems to indicate that the majority of electric roads have accepted the calendar year as their fiscal year, and it was this fact that determined the Interstate Commerce Commission to make the classification for electric railroads effective on January 1, 1909. But your attention is called to the fact that under the terms of section 20 of the Act to Regulate Commerce, Carriers are required to file with the Interstate Commerce Commission reports for each year ending on June 30. Although the new classifications do not go into effect until January 1, 1909, it would be very advantageous from every point of view if all the electric lines should adjust their accounts for the months of July to December inclusive, of this year, to the new classifications. In this connection it may be well also to add that a special form of annual report has been provided for electric railways to cover the year ending June 30, 1908. This form is not prepared in accordance with the new classifications, but is adjusted to what is understood to have been the previous practice of accounting among the electric lines. It was thought wise to save a year by calling for such a report, and it was deemed desirable also to have this annual report based on the old classifications in order that comparisons might be made with the first annual report under the new classifications.

In conclusion your committee thinks it well to say that the Interstate Commerce Commission, in preparing these classifications, has had in view the fact that most of the State commissions have signified their intention

of using them when issued, and also the fact that to a great extent the administration of the system of accounts for electric lines will rest largely in the hands of the State Commissions.

Respectfully submitted,

JAMES S. HARLAN, *Chairman.*
WILLIAM J. WOODS, of Indiana.
D. N. LEWIS, of Iowa.
W. J. MEYERS, of New York.

Washington, D. C., October 7, 1908.

METHOD OF SUBMITTING QUESTIONS FOR DECISION.

All possible care has been taken to make the text descriptive of the accounts in these classifications full and ample for the use of all companies. It is recognized, however, that owing to the wide range covered in the business done by the electric railways, questions of classification and interpretation will arise which should be authoritatively decided in order that full standard methods may be followed.

Roads doing an interstate business should address their questions to the Bureau of Statistics and Accounts, Interstate Commerce Commission, Washington, D. C., and other roads should address the Chairman of the Committee on Standard Classification of Accounts and Form of Report of this Association.

From time to time the questions and answers will be published in such form that they may be conveniently used in connection with these classifications.

CLASSES INTO WHICH ELECTRIC RAILWAYS ARE DIVIDED.

Class A.—Companies having annual operating revenue more than \$1,000,000.

Class B.—Companies having annual operating revenue more than \$250,000, but not in excess of \$1,000,000.

Class C.—Companies having annual operating revenue not more than \$250,000.

Companies of Class A are to keep all the primary accounts provided in these classifications, which are numbered consecutively, viz.: 88 Operating Expense Accounts, 19 Operating Revenue Accounts, and 44 Road and Equipment Accounts.

Companies of Class B are to keep 58 Operating Expense Accounts, 19 Operating Revenue Accounts, and 44 Road and Equipment Accounts.

Companies of Class C are to keep 36 Operating Expense Accounts, 19 Operating Revenue Accounts, and 44 Road and Equipment Accounts.

CLASSIFICATION OF OPERATING EXPENSES.

METHOD OF COMBINING TEXT OF OPERATING EXPENSE ACCOUNTS.

Companies of Class A are to keep all the primary accounts provided in this classification, which accounts are numbered consecutively. Companies of Classes B and C are to use as primary accounts such groupings of the primary accounts provided for Class A as are indicated in the schedules below. By reference to these schedules these groupings are clearly shown. For example: In Maintenance of Roadway and Track, companies of Class B are to include all charges covered by the primary accounts numbered from 2 to 12, inclusive, and in Maintenance of Way, companies of Class C are to include all the primary accounts numbered from 2 to 19, inclusive. By this arrangement it is apparent that companies of all three classes can make use of the text descriptive of the accounts.

UNIFORM NUMBERS FOR OPERATING EXPENSE ACCOUNTS.

By the use of the same plan, uniform reference numbers of the accounts will be obtained. The primary account numbers of Class A being the basis, those accounts provided for Classes B and C will bear the hyphenated first and last number of the combined accounts. For example: for the first 19 accounts under the general account Way and Structures, of Class A, Class B will have three accounts: No. 1, Superintendence of Way and Structures; No. 2-12, Maintenance of Roadway and Track, and No. 13-19. Other Maintenance of Way. Class C will have two accounts: No. 1, Superintendence of Way and Structures, and No. 2-19, Maintenance of Way. By this method the numbers clearly indicate the primary accounts of Class A that have been combined for Classes B and C.

GENERAL ACCOUNTS.

- Account 1. Way and Structures.
- Account 11. Equipment.
- Account III. Traffic.
- Account IV. Conducting Transportation.
- Account V. General and Miscellaneous.

EIGHTY-EIGHT OPERATING EXPENSE PRIMARY ACCOUNTS,
TO BE KEPT BY CLASS A COMPANIES.

I. Way and Structures—

Account No.

Superintendence of Way and Structures,	1
Ballast,	2
Ties,	3
Rails,	4
Rail Fastenings and Joints,	5
Special Work,	6
Underground Construction,	7
Roadway and Track Labor,	8
Paving,	9
Miscellaneous Roadway and Track Expenses,	10
Cleaning and Sanding Track,	11
Removal of Snow, Ice and Sand,	12
Tunnels,	13
Elevated Structures and Foundations,	14
Bridges, Trestles and Culverts,	15
Crossings, Fences, Cattle Guards, and Signs,	16
Signal and Interlocking Systems,	17
Telephone and Telegraph Systems,	18
Other Miscellaneous Way Expenses,	19
Poles and Fixtures,	20
Underground Conduits,	21
Transmission System,	22
Distribution System,	23
Miscellaneous Electric Line Expenses,	24
Buildings and Structures,	25
Depreciation of Way and Structures,	26
Other Operations—Dr.,	27
Other Operations—Cr.,	28

II. Equipment—

Superintendence of Equipment,	29
Power-Plant Equipment,	30
Substation Equipment,	31
Passenger and Combination Cars,	32
Freight, Express, and Mail Cars,	33
Locomotives,	34
Service Cars,	35
Electric Equipment of Cars,	36
Electric Equipment of Locomotives,	37

	<i>Account No.</i>
Shop Machinery and Tools,	38
Shop Expenses,	39
Horses and Vehicles,	40
Other Miscellaneous Equipment Expenses,	41
Depreciation of Equipment,	42
Other Operations—Dr.,	43
Other Operations—Cr.,	44
 III. Traffic—	
Superintendence and Solicitation,	45
Advertising,	46
Miscellaneous Traffic Expenses,	47
 IV. Conducting Transportation—	
Superintendence of Transportation,	48
 <i>Group I—Power.</i>	
Power-Plant Employees,	49
Substation Employees,	50
Fuel for Power,	51
Water for Power,	52
Lubricants for Power,	53
Miscellaneous Power-Plant Supplies and Expenses,	54
Substation Supplies and Expenses,	55
Power Purchased,	56
Power Exchanged—Balance,	57
Other Operations—Dr.,	58
Other Operations—Cr.,	59
 <i>Group II—Operation of Cars.</i>	
Passenger Conductors, Motormen, and Trainmen,	60
Freight and Express Conductors, Motormen, and Trainmen,	61
Miscellaneous Car-Service Employees,	62
Miscellaneous Car-Service Expenses,	63
Station Employees,	64
Station Expenses,	65
Carhouse Employees,	66
Carhouse Expenses,	67
Operation of Signal and Interlocking Systems,	68
Operation of Telephone and Telegraph Systems,	69
Express and Freight Collections and Delivery,	70
Loss and Damage,	71
Other Transportation Expenses,	72
 V. General and Miscellaneous—	
Salaries and Expenses of General Officers,	73
Salaries and Expenses of General Office Clerks,	74
General Office Supplies and Expenses,	75

OPERATING EXPENSES. 17

	<i>Account No.</i>
Law Expenses,	76
Relief Department Expenses,	77
Pensions,	78
Miscellaneous General Expenses.	79
Other Operations—Dr.,	80
Other Operations—Cr.,	81

Undistributed Accounts.

Injuries and Damages,	82
Insurance,	83
Stationery and Printing,	84
Store Expenses,	85
Stable Expenses,	86
Rent of Tracks and Terminals,	87
Rent of Equipment,	88

FIFTY-EIGHT OPERATING EXPENSE PRIMARY ACCOUNTS
TO BE KEPT BY CLASS B COMPANIES.

I. Way and Structures—

Superintendence of Way and Structures,	1
Maintenance of Roadway and Track,	2-12
Other Maintenance of Way,	13-19
Poles and Fixtures,	20
Underground Conduits,	21
Transmission System,	22
Distribution System.	23
Miscellaneous Electric Line Expenses,	24
Buildings and Structures,	25
Depreciation of Way and Structures,	26
Other Operations—Dr.,	27
Other Operations—Cr.,	28

II. Equipment—

Superintendence of Equipment,	29
Power-Plant Equipment,	30
Substation Equipment.	31
Maintenance of Cars and Locomotives,	32-35
Maintenance of Electric Equipment of Cars and Locomotives,	36-37
Miscellaneous Equipment Expenses,	38-41
Depreciation of Equipment,	42
Other Operations—Dr.,	43
Other Operations—Cr.,	44

III. Traffic—

Traffic Expenses,	45-47
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IV. Conducting Transportation—*Account No.*

Superintendence of Transportation, 48

Group I—Power.

Power-Plant Employees, 49

Substation Employees, 50

Fuel for Power, 51

Water for Power, 52

Lubricants for Power, 53

Miscellaneous Power-Plant Supplies and Expenses, 54

Substation Supplies and Expenses, 55

Power Purchased, 56

Power Exchanged—Balance, 57

Other Operations—Dr., 58

Other Operations—Cr., 59

Group II—Operation of Cars.

Passenger Conductors, Motormen, and Trainmen, 60

Freight and Express Conductors, Motormen, and Trainmen, .. 61

Miscellaneous Car-Service Employees and Expenses, 62-63

Station Employees and Expenses, 64-65

Carhouse Employees and Expenses, 66-67

Signal, Interlocking, Telephone, and Telgraph Systems, .. 68-69

Express and Freight Collections and Delivery, 70

Loss and Damage, 71

Other Transportation Expenses, 72

V. General and Miscellaneous—

Salaries and Expenses of General Officers and General Office

Clerks, 73-74

General Office Supplies and Expenses, 75

Law Expenses, 76

Relief Department Expenses, 77

Pensions, 78

Miscellaneous General Expenses, 79

Other Operations—Dr., 80

Other Operations—Cr., 81

Undistributed Accounts.

Injuries and Damages, 82

Insurance, 83

Stationery and Printing, 84

Store Expenses, 85

Stable Expenses, 86

Rent of Tracks and Terminals, 87

Rent of Equipment, 88

THIRTY-SIX OPERATING EXPENSE PRIMARY ACCOUNTS TO
BE KEPT BY CLASS C COMPANIES.

I. Way and Structures—	<i>Account No.</i>
Superintendence of Way and Structures,	1
Maintenance of Way,	2-19
Maintenance of Electric Lines,	20-24
Buildings and Structures,	25
Depreciation of Way and Structures,	26
Other Operations—Dr.,	27
Other Operations—Cr.,	28
II. Equipment—	
Superintendence of Equipment,	29
Maintenance of Power Equipment,	30-31
Maintenance of Cars and Locomotives,	32-35
Maintenance of Electric Equipment of Cars and Locomotives,	36-37
Miscellaneous Equipment Expenses,	38-41
Depreciation of Equipment,	42
Other Operations—Dr.,	43
Other Operations—Cr.,	44
III. Traffic—	
Traffic Expenses,	45-47
IV. Conducting Transportation—	
Superintendence of Transportation,	48
<i>Group I—Power.</i>	
Power-Plant Employees,	49
Substation Employees,	50
Fuel for Power,	51
Other Power Supplies and Expenses,	52-55
Power Purchased,	56
Power Exchanged—Balance,	57
Other Operations—Dr.,	58
Other Operations—Cr.,	59
<i>Group II—Operation of Cars.</i>	
Conductors, Motormen and Trainmen,	60-61
Miscellaneous Transportation Expenses,	62-72
V. General and Miscellaneous—	
General Expenses,	73-79
Other Operations—Dr.,	80
Other Operations—Cr.,	81

OPERATING EXPENSES.

Undistributed Accounts.

	<i>Account No.</i>
Injuries and Damages,	82
Insurance,	83
Stationery and Printing,	84
Store and Stable Expenses,	85-86
Rent of Tracks and Terminals,	87
Rent of Equipment,	88

TEXT OF CLASSIFICATION OF OPERATING EXPENSES.

PRIMARY ACCOUNTS.

I. WAY AND STRUCTURES.

1. Superintendence of Way and Structures.

This account includes salaries and office and traveling expenses of officers and their assistants when directly in charge of maintenance of way and structures, including chief engineer, engineer maintenance of way, superintendent of electric line, superintendent of buildings, architect, division engineer, roadmasters, track foremen, and office and field forces; cost of drafting and engineering instruments and repairing same; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

Note A.—It is not intended that any portion of expenses of general officers should be charged to this account.

Note B.—When employees enumerated above are engaged in work not chargeable to "Way and Structures," their salaries and expenses should be charged to the specific work on which engaged.

Note C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned among the departments over which they have jurisdiction.

2. Ballast.

This account includes all expenses incident to the purchase and production of ballast used for maintenance: purchase price of gravel, stone, slag, cinders, sand, and other material used for ballast, including freight charges, if any; payments for gravel and quarry rights, and privileges; expenses of sinking test holes; stripping, blasting, loading, and other expenses in connection with production of ballast.

Note A.—The cost of labor delivering, unloading, and putting ballast into track should be charged to Account No. 8, "Roadway and Track Labor."

Note B.—In cases of ballast produced, an account should be opened in order to determine the unit of cost which is to be used in arriving at the monthly charge to operating expenses on account of ballast used.

Note C.—The cost of ties, rails, and rail fastenings and joints in gravel pits should be excluded from Accounts No. 3, "Ties," No. 4, "Rails," and No. 5, "Rail Fastenings and Joints."

3. Ties.

This account includes cost of ties and timbers used to renew cross, switch, and bridge ties, head blocks and railway crossing timbers for main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, and culverts; in carhouses, shops, and

storehouses, and on transfer tables and turntables, including freight and inspection.

Note.—The cost of labor unloading, distributing, and putting ties in track should be charged to Account No. 8, "Roadway and Track Labor."

4. Rails.

This account includes cost of rails used to renew main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, and culverts; in carhouses, shops, and storehouses, and on transfer tables and turntables, including freight and inspection; also of guard rails used in track.

The value of material removed should be credited to this account.

Note.—The cost of labor unloading, distributing, and laying rails in track should be charged to Account No. 8, "Roadway and Track Labor."

5. Rail Fastenings and Joints.

This account includes cost of rail fastenings and joints used for repairs and renewals, including fish plates, braces, tie plates, tie-rods, nuts, bolts, spikes, cost of welded joints, etc., for main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, and culverts; in carhouses, shops, and storehouses, and on transfer tables and turntables, including freight and inspection.

The value of material removed should be credited to this account.

Note.—The cost of applying rail fastenings and joints should be charged to Account No. 8, "Roadway and Track Labor."

6. Special Work.

This account includes cost of material used in repairing and renewing special work, including steam and street railroad crossings, cross-overs, curves, frogs, run-offs, switches, switch-mates, and turn-outs, and freight and inspection.

The value of material removed should be credited to this account.

Note.—The cost of labor in connection with this work should be charged to Account No. 8, "Roadway and Track Labor."

7. Underground Construction.

This account is to be used only by railways operated by underground electric contact system, or by those operated by cable traction. It includes cost of material used in repairing and renewing yokes, concrete work, manhole frames and covers, slot rails, drainpipes, pulleys and sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction.

The value of material removed should be credited to this account.

Note.—The cost of labor in connection with this work should be charged to Account No. 8, "Roadway and Track Labor."

Note B.—The cost of repairing and renewing track rails, track rail fastenings and joints, and electric contact rails and insulators and cables of cable railways should not be charged to this account.

8. Roadway and Track Labor.

This account includes cost of all labor used in unloading, distributing, and placing ballast; renewing and relaying ties; repairing, renewing, and relaying rails; repairing, renewing, and replacing rail fastenings and joints; repairing, renewing, and replacing special work, and repairing, renewing, and replacing underground construction; also that used in grading, alining, surfacing, and gaging tracks; taking up track, whether another is laid to replace it or not; constructing and cleaning tile and open ditches; protecting banks by retaining walls, riprap, piling, piers, dikes, or other means; patrolling, inspecting, and watching track, and other miscellaneous roadway and track labor.

9. Paving.

This account includes cost of material used and labor expended in repairing and renewing paving, including granite, wood, brick and asphaltum pavement; sand and concrete work made necessary by repairs and renewals of paving; hauling and distributing material; also cost of removing old material.

The value of material removed should be credited to this account.

Repairs and renewals of street paving required by municipalities in connection with roadway and track should be charged to this account.

10. Miscellaneous Roadway and Track Expenses.

This account includes cost of roadway tools when chargeable to expenses and cost of all material used and labor expended in repairing and renewing all tools, implements, flags, lanterns, etc., used in repairing roadway and track; also any other material, supplies, and incidental expenses that are not properly chargeable to any of the other accounts under maintenance of roadway and track.

11. Cleaning and Sanding Track.

This account includes cost of material used and labor expended in cleaning, greasing, watering, sprinkling, and oiling roadway and tracks; sanding track; cost of sand and of hauling, drying and distributing same; cost of track brooms and other cleaning and sanding tools and apparatus; curve grease, water for sprinkling and watering track; oil for oiling roadbed, and all other supplies and expenses incident to the work.

Repairs and renewals of sprinkling and sand cars used in connection with this work should be charged to Account No. 35, "Service Cars."

Repairs and renewals of harness and wagons used in connection with this work should be charged to Account No. 40, "Horses and Vehicles."

Cost of sprinkling rendered necessary by repairs or construction of track or pavement should be charged to the proper maintenance or construction account.

12. Removal of Snow, Ice, and Sand.

This account includes cost of material used and labor expended for removal of snow, ice, and sand from tracks, whether done by the company or otherwise, including tools and expenses, cost of salt and delivering same in car houses or bins, the wages of men engaged in salting track and operating snow plows, sweepers, scrapers, etc.

Repairs and renewals of salt cars, snowplows, sweepers, scrapers, and miscellaneous snow and sand equipment used in connection with this work should be charged to Account No. 35, "Service Cars."

Repairs and renewals of harness and wagons used in connection with this work should be charged to Account No. 40, "Horses and Vehicles."

13. Tunnels.

This account includes cost of material used and labor expended in repairing tunnels; pay of tunnel watchmen and cost of supplies used by them; cleaning, repainting, and whitewashing; and maintenance of lighting, ventilating, and drainage systems. This account does not include repairs or renewals to roadway, tracks, or electric feeder and contact lines through tunnels.

14. Elevated Structures and Foundations.

This account is intended to be used only by companies operating an elevated railway system, and should include cost of all material used and labor expended in repairing and renewing elevated structures and their foundations.

The value of material removed should be credited to this account.

15. Bridges, Trestles, and Culverts.

This account includes cost of all material used and labor expended in repairing and renewing bridges, trestles, culverts (both substructure and superstructure), piers, abutments, masonry, and drain pipes, including repairs made necessary by washouts; retaining walls, riprapping, and dikes necessary to protect or strengthen bridges and culverts against ice, water, or drift; guards on bridges, framing ties for bridges; bridge signs or number boards; cost of cleaning channels under bridges and cleaning culverts; altering and bracing bridges and trestles during progress of filling; cost of removing old bridges in connection with construction of new bridges, and constructing and removing temporary or false work used in repairing and renewing bridges and culverts; also pay of bridge foremen and bridge watchmen and cost of all supplies used by them, and pay of bridge inspectors and expenses incident to bridge inspection.

The value of material removed should be credited to this account.

Note A.—Any structure carrying tracks over other tracks, a stream, highway, or canal should be considered a bridge or culvert. The cost of maintaining structures carrying other tracks, canals, highways, etc., over a carrier's tracks should be charged to Account No. 16, "Crossings, Fences, Cattle Guards, and Signs."

Note B.—Insurance recovered for damage to bridges, trestles, and culverts should be credited to this account.

16. Crossings, Fences, Cattle Guards, and Signs.

This account includes cost of material used and labor expended in repairing and renewing street, road, and farm crossings at grade, overhead bridges and viaducts, roadways of undergrade foot or wagon crossings, crossing gates and warning signals, cost of drainage and excavations for undergrade crossings and payments and assessments for street repairs or sewers at crossings. (Street repairs or sewers within the limits of shop grounds or immediately adjacent to station buildings should be charged to Account No. 25, "Buildings and Structures.")

This account also includes cost of material used and labor expended in repairing and renewing right-of-way fences, snow and sand fences, cattle guards, wing fences, aprons, and hedges; and mile, section, warning, and other roadway signs.

The value of material removed should be credited to this account.

17. Signal and Interlocking Systems.

This account includes cost of material used and labor expended in repairing and renewing buildings and appliances of interlocking systems, semaphores, block and other signal systems, and all machinery, such as air compressors, levers, boilers, dynamos, engines, and machinery and fixtures used in connection therewith.

The value of material removed should be credited to this account.

Note A.—This account does not include the cost of track material proper, required in connection with interlockers, such as switches, special track fastenings, split rails, frogs, etc., the cost of which should be charged to proper maintenance of way accounts.

Note B.—Rent of appliances for signal and interlocking systems should be charged to Account No. 68, "Operation of Signal and Interlocking Systems."

Note C.—If signal wires are attached to poles and fixtures used for other purposes, the cost of such poles and fixtures should be charged to Account No. 20, "Poles and Fixtures."

18. Telephone and Telegraph Systems.

This account includes cost of material used and labor expended in repairing and renewing telephone and telegraph systems owned by the company or for which it is responsible, including conduits, poles, cross-arms, insulators, wires, cables, cable boxes, instruments, battery jars, switchboards, and all other appurtenances forming a part of the telephone and telegraph systems.

The value of material removed should be credited to this account.

Note A.—Rent of telephone and telegraph systems* should be charged to Account No. 69, "Operation of Telephone and Telegraph Systems," or to Account No. 79, "Miscellaneous General Expenses."

Note B.—If telephone or telegraph wires are carried on poles and fixtures or in conduits used for other purposes, the cost of such poles and fixtures or conduits should be charged to Account No. 20, "Poles and Fixtures," or Account No. 21, "Underground Conduits."

19. Other Miscellaneous Way Expenses.

This account includes all expenses in connection with maintenance of way not properly chargeable to other accounts.

20. Poles and Fixtures.

This account includes cost of material used and labor expended in setting, repairing, and renewing poles, cross-arms and insulating pins, brackets and other pole fixtures, braces, and other supports for holding the poles in position; also structures maintained primarily for supporting the overhead electric construction.

This account does not include insulators.

The value of material removed should be credited to this account.

21. Underground Conduits.

This account includes cost of all material used and labor expended in repairing and renewing conduits required for underground wires and cables, including manholes, sewer connections, sewer traps, and all other material necessary to the maintenance of the conduit system.

The value of material removed should be credited to this account.

22. Transmission System.

This account includes cost of material used and labor expended in repairing and renewing the high-tension transmission system, including cables, wires, insulators, and insulating material; also cost of changing route of line or removing line when no replacement is made.

The value of material removed should be credited to this account.

Note.—In electric railway operations, when the electric current generated (or received) is changed by means of (a) rotary converters or (b) motor generator sets or (c) static transformers (substation apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the "Transmission System." Tie lines between generating stations and substations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as the "Distributing System."

23. Distribution System.

This account includes cost of material used and labor expended in repairing and renewing the distribution system, as follows:

(a) Overhead feeders for transmitting low-tension power from power stations and substations, including insulators and connections.

(b) Underground feeders for transmitting low-tension power from power stations and substations, including insulators and connections.

(c) Track bonding, including track bonds, cost of punching and drilling rails for track bonds, and testing for defective bonding.

(d) Overhead trolley, including cost of trolley, guard, span, strain, supplementary and other wires, and all catenary construction used in connection with the overhead trolley system.

(e) Third-rail, including cost of third-rail, braces and supports for same, insulating devices, material used for covering and protecting same, and all fixtures and appliances connected with third-rail conductors.

(f) Underground contact rails, including cost of contact rails and appliances in underground contact systems, including rails, braces, supports, and insulating devices.

The value of material removed should be credited to this account.

Note.—In electric railway operations, when the electric current generated (or received) is changed by means of (a) rotary converters or (b) motor generator sets or (c) static transformers (substation apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the "Transmission System." Tie lines between generating stations and substations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as the "Distribution System."

24. Miscellaneous Electric Line Expenses.

This account includes all expenses in connection with maintenance of electric line not properly chargeable to other accounts.

25. Buildings and Structures.

This account includes cost of material used and labor expended in repairing and renewing buildings and structures used in the operation of the road; cost of fixtures and repairs and renewals of same; cost of maintaining walks, driveways, and grounds connected with buildings; cost of delivering material, including freight charges, if any, and all incidental expenses connected with the maintenance of buildings and structures.

The term "Buildings and Structures," in addition to embracing the buildings proper, is understood to include fixtures when immovable and built in as a part of the structure; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators with fixtures and appurtenances; platforms; appliances for protecting buildings against fire; fences; walls, sidewalks, and pavements within the limit of grounds immediately adjacent to buildings or yards, except paving in tracks.

The cost of repairs and renewals of track and electric line in buildings, yards, and grounds should be charged to the proper accounts under maintenance of way or maintenance of electric line.

(a) Power plants

(b) Substations, including storage-battery buildings.

(c) Car houses.

(d) Shops.

(e) General offices.

(f) Stations, waiting-rooms, and platforms.

(g) Docks and wharves.

(h) Miscellaneous buildings and structures.

(i) All expenses in connection with maintenance of buildings and structures not properly chargeable to any of the foregoing subdivisions.

The value of material removed should be credited to this account.

Note.—Insurance recovered for damage to buildings and structures should be credited to this account. Insurance recovered for total destruction of buildings and structures should be credited to an appropriate replacement account, which account should be charged with the cost of replacement.

26. Depreciation of Way and Structures.

Note.—This account is provided in case such an account should be prescribed by any of the State commissions, and in such case there should be excluded charges for renewals from all the accounts affected by the introduction of this account. Such expenditures for renewals will then be charged direct to an appropriate Replacement account, maintained by the prescribed charges to this account.

27. Other Operations—Dr.

Coordinate Departments.—This account includes the proportion of operating expenses chargeable to maintenance of way and structures of the railway department, but the distributed charges for which are made to the primary accounts of another coordinate department, such as electric light, heat, power, or gas, within the same company.

Joint Arrangements.—In case the carrier receives power or other product from another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable to maintenance of way and structures should be included in this account and the profit or return upon the value of property used in such production should be included under "Deductions from Income."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount paid is to be treated as an operating expense chargeable to Account No. 56, "Power Purchased."

28. Other Operations—Cr.

Coordinate Departments.—To this account should be credited the proportion of operating expenses chargeable to maintenance of way and structures of other coordinate departments, such as electric light, power, heat, or gas, within the same company, but the distributed charges for which are made to the primary accounts of the railway department.

Joint Arrangements.—In case the carrier produces power or other product for another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of the property used in such production, the proportion of operating expenses chargeable against such company for maintenance of way and structures should be credited to this account and the profit or return upon the value of property used in such production should be included under Revenue Account No. 18, "Power."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property

used in such production, the entire amount received should be treated as revenue from power and credited to Revenue Account No. 18, "Power."

II. EQUIPMENT.

29. Superintendence of Equipment.

This account includes salaries and office and traveling expenses of officers and their assistants when directly in charge of equipment, including superintendent of equipment, mechanical engineer, electrical engineer, superintendent of rolling stock, master car builder, master mechanic, general foremen and their office forces; cost of drafting and engineering instruments and repairing same; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses, when separate offices are maintained by officers whose salaries are charged to this account.

Note A.—It is not intended that any portion of expenses of general offices should be charged to this account.

Note B.—When employees enumerated above are engaged in work not chargeable to "Equipment," their salaries and expenses should be charged to the specific work on which engaged.

Note C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned among the departments over which they have jurisdiction.

30. Power-Plant Equipment.

This account includes cost of material used and labor expended in repairing and renewing steam, water-power, gas-engine, or electric plant equipment, including turbines, other engines and engine parts, appliances and fixtures, belts, belt tighteners and fixtures, lubricators and oiling devices; shafting, clutches, cranes, hoists, and other engine-room appliances; boilers, boiler fittings, and appliances; furnaces, economizers, mechanical-draft machinery, pumps, feed-water heaters, purifiers, tanks, condensers, coal and ash conveying machinery, mechanical stokers, and other boiler-room appliances; piping and steam fittings, including valves, separators, water and sewer connections, and water meters; generators and generator parts, switchboards, cables and feeder terminals, and wiring in connection with same; boosters, rheostats, circuit-breakers, voltmeters, ammeters, and other electric equipment.

The value of material removed should be credited to this account.

Note.—Repairs and renewals of cable used in operating cable or incline railways should be charged to this account.

31. Substation Equipment.

This account includes cost of material used and labor expended in repairing and renewing substation apparatus, including storage batteries, transformers, rotary converters, oil switches, switchboards, and switchboard appliances, and wiring in connection with same.

The value of material removed should be credited to this account.

32. Passenger and Combination Cars.

This account includes cost of material used and labor expended in repairing and renewing passenger and combination cars.

The term "car" includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electric equipment of the car. The term "combination car" includes all cars that are used in part for carrying passengers.

The cost of shifting trucks from one car to another should be charged to this account.

The value of material removed should be credited to this account.

Note.—Incandescent lamps and other supplies for cars should be charged to Account No. 63, "Miscellaneous Car-Service Expenses."

33. Freight, Express, and Mail Cars.

This account includes cost of material used and labor expended in repairing and renewing freight, express, and mail cars, from the operation of which revenue is derived.

The term "car" includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electric equipment of the car.

The cost of shifting trucks from one car to another should be charged to this account.

The value of material removed should be credited to this account.

Note.—Incandescent lamps and other supplies for cars should be charged to Account No. 63, "Miscellaneous Car-Service Expenses."

34. Locomotives.

This account includes cost of material used and labor expended in repairing and renewing locomotives.

The term "locomotive" includes body and trucks, and all fixtures and appliances inside of or attached to the body or trucks, except the electric equipment of locomotives.

The cost of shifting trucks from one locomotive to another should be charged to this account.

The value of material removed should be credited to this account.

Note.—Incandescent lamps and other supplies for locomotives should be charged to Account No. 63, "Miscellaneous Car-Service Expenses."

35. Service Cars.

This account includes cost of material used and labor expended in repairing and renewing service cars, including water cars, sprinkler cars, sand cars, salt cars, supply cars, line cars, snowplows, sweepers, scrapers, and other work, sand, and snow equipment.

The term "car" includes body and trucks, and all fixtures and appliances attached to the car body or trucks, except the electric equipment of the car.

The cost of shifting trucks from one car to another should be charged to this account.

The value of material removed should be credited to this account,

Note.—Incandescent lamps and other supplies for cars should be charged to Account No. 63, "Miscellaneous Car-Service Expenses."

36. Electric Equipment of Cars.

This account includes cost of material used and labor expended in repairing and renewing the electric equipment and wiring of all passenger, combination, freight, express, mail, and service cars.

The cost of shifting the electric equipment from one car to another should be charged to this account.

The value of material removed should be credited to this account.

Note.—Incandescent lamps and other supplies for cars should be charged to Account No. 63, "Miscellaneous Car-Service Expenses."

37. Electric Equipment of Locomotives.

This account includes cost of material used and labor expended in repairing and renewing the electric equipment and wiring of locomotives.

The cost of shifting the electric equipment from one locomotive to another should be charged to this account.

The value of material removed should be credited to this account.

Note.—Incandescent lamps and other supplies for locomotives should be charged to Account No. 63, "Miscellaneous Car-Service Expenses."

38. Shop Machinery and Tools.

This account includes cost of material used and labor expended in repairing and renewing machinery and tools in shops and car houses, such as engines and boilers, shafting and belting; cranes, hoists, jacks, and other equipment used in connection therewith; furnaces, forges, lathes, shapers, drill presses, wheel grinders and wheel presses, planers, etc.

The value of material removed should be credited to this account.

39. Shop Expenses.

This account includes all expenditures for heating and lighting repair shops; miscellaneous expenses of such shops, including fuel, water, and ice; oil, grease, waste, and other material used in lubricating shop machinery and tools; cost of supplies and small hand tools used by mechanics and wages of employees making and repairing same; wages of stationary engineers and firemen; watchmen, sweepers, cleaners, and other unskilled laborers employed in general work in and about shops and shop yards.

40. Horses and Vehicles.

This account includes cost of material used and labor expended in repairing and renewing harness, automobiles, repair, emergency, tower, and other service wagons, sleds, sleighs, omnibuses, and other vehicles; and cost of horses purchased to replace others lost by death or worn out in service.

This account should be credited with amount received from sale of horses and harness and vehicles retired from service.

41. Other Miscellaneous Equipment Expenses.

This account includes all expenses in connection with maintenance of equipment not properly chargeable to other accounts.

42. Depreciation of Equipment.

Note.—This account is provided in case such an account should be prescribed by any of the State commissions, and in such case there should be excluded charges for renewals from all the accounts affected by the introduction of this account. Such expenditures for renewals will then be charged direct to an appropriate Replacement account, maintained by the prescribed charges to this account.

43. Other Operations—Dr.

Coordinate Departments.—This account includes the proportion of operating expenses chargeable to maintenance of equipment of the railway department, but the distributed charges for which are made to the primary accounts of another coordinate department, such as electric light, heat, power, or gas, within the same company.

Joint Arrangements.—In case the carrier receives power or other product from another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable to maintenance of equipment should be included in this account and the profit or return upon the value of property used in such production should be included under "Deductions from Income."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount paid is to be treated as an operating expense chargeable to Account No. 56, "Power Purchased."

44. Other Operations—Cr.

Coordinate Departments.—To this account should be credited the proportion of operating expenses chargeable to maintenance of equipment of other coordinate departments, such as electric light, power, heat, or gas, within the same company, but the distributed charges for which are made to the primary accounts of the railway department.

Joint Arrangements.—In case the carrier receives power or other product for another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable against such company for maintenance of equipment should be credited to this account and the profit or return upon the value of property used in such production should be included under Revenue Account No. 18, "Power."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property

used in such production, the entire amount received should be treated as revenue from power and credited to Revenue Account No. 18, "Power."

III. TRAFFIC.

45. Superintendence and Solicitation.

This account includes salaries and office and traveling expenses of officers and their assistants when directly in charge of traffic including traffic managers, general freight, express, passenger, and ticket agents, commercial, city, district, and excursion agents, their clerks and assistants; cost of supplies used by employees whose salaries are charged to this account; office rent and cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

Note A.—It is not intended that any portion of expenses of general offices should be charged to this account.

Note B.—When employees enumerated above are engaged in work not chargeable to "Traffic," their salaries and expenses should be charged to the specific work on which engaged.

Note C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned among the departments over which they have jurisdiction.

46. Advertising.

This account includes the salaries and expenses of advertising agents; cost of bill posting, and printing, publishing, and distributing passenger time-tables, folders, notices to shippers, and other advertising matter; advertising in newspapers and periodicals for the purpose of securing traffic; bulletin boards, cards, cases, display cards, photographs, and postage and express charges on advertising matter; net expense of music, parks, park properties, and resorts (after deducting all income from admittance fees, sale of privileges, etc.), when such expense is incurred primarily for the purpose of attracting traffic and not as an investment; donations made for traffic purposes, and other expenses for attracting traffic.

47. Miscellaneous Traffic Expenses.

This account includes expenses of traffic associations, including membership fees, and all other traffic expenses not properly chargeable to other accounts.

IV. CONDUCTING TRANSPORTATION.

48. Superintendence of Transportation.

This account includes salaries and office and traveling expenses of officers and assistants when directly in charge of transportation, including superintendent of power, superintendent of transportation, division superintendents, their assistants and aids; trainmasters, train dispatchers, car starters, inspectors, instructors, and others employed

in superintending transportation; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

Cost of secret service inspection should be charged to Account No. 63 "Miscellaneous Car-Service Expenses."

Note A.—It is not intended that any portion of expenses of general offices should be charged to this account.

Note B.—When employees enumerated above are engaged in work not chargeable to "Conducting Transportation," their salaries and expenses should be charged to the specific work on which engaged.

Note C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned among the departments over which they have jurisdiction.

Group I—Power.

49. Power-Plant Employees.

This account includes all expenditures for labor in power plants, except labor employed in making repairs and renewals.

Note.—Wages of substation employees should be charged to Account No. 50, "Substation Employees."

50. Substation Employees.

This account includes all expenditures for labor in substations, except labor employed in making repairs and renewals.

51. Fuel for Power.

This account includes all expenditures for coal, oil, gas, and other fuel used at power plants, including transportation.

52. Water for Power.

This account includes all expenditures for water used to produce steam or to operate a water-power plant, including pumping, rent of ponds, streams, and pipe lines; also water rents, boiler compound, and other like expenses.

53. Lubricants for Power.

This account includes all expenditures for lubricants for power plants, including oil, grease, etc.

Note.—Lubricants for substations should be charged to Account No. 55, "Substation Supplies and Expenses."

54. Miscellaneous Power-Plant Supplies and Expenses.

This account includes cost of waste, carbon brushes, fuses, lamps, and other supplies and expenses of power plants.

55. Substation Supplies and Expenses.

This account includes all expenditures for lubricants, waste, carbon brushes, fuses, lamps, water, and other supplies and expenses of substations.

56. Power Purchased.

This account includes all expenditures for power purchased from other companies.

Note.—In this connection see Account No. 57, "Power Exchanged—Balance."

57. Power Exchanged—Balance.

If a company actually exchanges power with another company, it should charge to this account the value of the power received from the other company, and should credit to this account the value of the power it delivers to the other company, and the amount shown as an operating expense should be the net debit or credit balance.

58. Other Operations—Dr.

Coordinate Departments.—This account includes the proportion of operating expenses chargeable to conducting transportation of the railway department, but the distributed charges for which are made to the primary accounts of another coordinate department, such as electric light, heat, power, or gas, within the same company.

Joint Arrangements.—In case the carrier receives power or other product from another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable to conducting transportation should be included in this account, and the profit or return upon the value of property used in such production should be included under "Deductions from Income."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount paid is to be treated as an operating expense chargeable to Account No. 56, "Power Purchased."

59. Other Operations—Cr.

Coordinate Departments.—To this account should be credited the proportion of operating expenses chargeable to conducting transportation of other coordinate departments, such as electric light, power, heat, or gas, within the same company, but the distributed charges for which are made to the primary accounts of the railway department.

Joint Arrangements.—In case the carrier produces power or other product for another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable against such company for conducting transportation should be credited to this account, and the profit or return upon the value of property used in such production should be included under Revenue Account No. 18, "Power."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount received should be treated as revenue from power and credited to Revenue Account No. 18, "Power."

Group II—Operation of Cars.

60. Passenger Conductors, Motormen, and Trainmen.

This account includes wages of conductors, motormen, and other trainmen engaged in passenger service.

61. Freight and Express Conductors, Motormen, and Trainmen.

This account includes wages of conductors, motormen, and other trainmen engaged in freight, express, and mail service.

62. Miscellaneous Car-Service Employees.

This account includes the wages of transfer agents, switch tenders, switchmen, flagmen, watchmen, trail-car couplers, bridge tenders, and other miscellaneous car-service employees.

63. Miscellaneous Car-Service Expenses.

This account includes all expenditures for lubricants and waste for cars and electric equipment of cars; incandescent lamps, oil, and other supplies for lighting cars; supplies for cleaning cars; fuel for heating cars; tools and other materials and supplies, except such as are used for repairs or renewals of cars or electric equipment of cars; cost of tickets, transfers, and baggage checks; secret inspection; conductors' books; punches; portable registers; tools for motormen; car-service employees' badges and uniforms, and all other car-service supplies and expenses.

Similar expenditures for locomotives and electric equipment of locomotives should be charged to this account.

64. Station Employees.

This account includes wages of stationmaster, freight, express, ticket, baggage, and other station agents; announcers; station gate-men; choppersmen; platform men; janitors, porters, watchmen, and other station employees; warehousemen; freight-house foremen; truckmen, checkmen, and other express and freight-house employees.

65. Station Expenses.

This account includes expenditures for heating and lighting stations, waiting rooms, freight-houses, and other station buildings; rent of station buildings; furniture; tools, and implements for handling freight and baggage; station employees' uniforms and badges; water, ice, and all other station expenses.

66. Carhouse Employees.

This account includes wages of carhouse foremen; watchmen; car placers; car shifters; car, motor, and brake inspectors; car cleaners; lamp and headlight tenders; car oilers; car-stove firemen; trolley oilers, and other carhouse employees not engaged in making repairs or renewals. The cost of labor used in shifting trucks and electric equipment should not be charged to this account, but to Account No. 32, 33, 34, 35, 36, or 37.

67. Carhouse Expenses.

This account includes cost of fuel, light, water, ice, and all other carhouse supplies and expenses.

68. Operation of Signal and Interlocking Systems.

This account includes wages of employees engaged in operating signal and interlocking systems covering the movement of cars, such as towermen, signalmen, levermen, and lampmen; cost of supplies used in operating signal and interlocking systems; cost of fuel, water, light, and supplies for signal offices.

69. Operation of Telephone and Telegraph Systems.

This amount includes the wages of telephone and telegraph operators; cost of chemicals and other supplies for telephone and telegraph service; payments for use of telephone and telegraph lines, and other telephone and telegraph expenses in connection with transportation. Repairs and renewals of telephone and telegraph systems should not be charged to this account, but to Account No. 18, "Telephone and Telegraph Systems." The cost of telephone service for general purposes should be charged to Account No. 79, "Miscellaneous General Expenses."

70. Express and Freight Collections and Delivery.

This account includes the wages of drivers and helpers employed on wagons which are used for the collection and delivery of express matter; amounts paid for handling express matter in wagons or other vehicles, and other expenses incident to the collection and delivery of express matter, not included in Account No. 40, "Horses and Vehicles," or No. 86, "Stable Expenses."

71. Loss and Damage.

This account includes all expenditures for loss, damage, delays, and destruction of freight, express, and baggage intrusted to a carrier for transportation, and all expenses directly incident thereto.

72. Other Transportation Expenses.

This account includes cost of getting derailed cars on track and removing obstructions and wreckage, and all other expenses in connection with conducting transportation not properly chargeable to other accounts.

V. GENERAL AND MISCELLANEOUS.

73. Salaries and Expenses of General Officers.

This account includes salaries and traveling and incidental expenses of chairman of the board, president, vice-president, treasurer, secretary, comptroller, auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers when their jurisdiction extends over the entire system.

74. Salaries and Expenses of General Office Clerks.

This account includes the salaries and traveling and incidental expenses of traveling auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, tickets, and transfers, and all other clerks employed in the general office.

75. General Office Supplies and Expenses.

This account includes the cost of office supplies, repairs and renewals of office furniture; wages of janitors, porters, and messengers; rent and all other miscellaneous expenses of general offices. Office expenses of departmental officers should be charged to the proper accounts.

76. Law Expenses.

This account includes all law expenses except those incurred in the defense and settlement of damage claims. It includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense and settlement of damage suits and partly in other legal work, should be apportioned between this account and Account No. 82, "Injuries and Damages."

77. Relief Department Expenses.

This account includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

78. Pensions.

This account includes all pensions paid to retired employees, and expenses in connection therewith.

79. Miscellaneous General Expenses.

This account includes the cost of telephone service, telegrams, gratuities, subscriptions, donations (except those provided for in Account No. 46, "Advertising," and in Account No. 77, "Relief Department Expenses"), and other miscellaneous expenses connected with the general management not otherwise provided for.

80. Other Operations—Dr.

Coordinate Departments.—This account includes the proportion of operating expenses chargeable to general and miscellaneous expenses of the railway department, but the distributed charges for which are made to the primary accounts of another coordinate department, such as electric light, heat, power, or gas, within the same company.

Joint Arrangements.—In case the carrier receives power or other product from another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable to general and miscellaneous expenses should be included in this account and the profit or return upon the value of property used in such production should be included under "Deductions from Income."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount paid is to be treated as an operating expense chargeable to Account No. 56, "Power Purchased."

81. Other Operations—Cr.

Coordinate Departments.—To this account should be credited the proportion of operating expenses chargeable to general and miscellaneous expenses of other coordinate departments, such as electric light, power, heat, or gas, within the same company, but the distributed charges for which are made to the primary accounts of the railway department.

Joint Arrangements.—In case the carrier produces power or other product for another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable against such company for general and miscellaneous expenses should be credited to this account and the profit or return upon the value of property used in such production should be included under Revenue Account No. 18, "Power."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount received should be treated as revenue from power and credited to Revenue Account No. 18, "Power."

*Undistributed Accounts.***82. Injuries and Damages.**

This account includes all expenditures on account of persons killed or injured and property damaged; salaries and expenses of claim agents, investigators, adjustors, and others engaged in the investigation of accidents and adjustment of claims; salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coronors and undertakers; fees of witnesses and others; law expenses incurred in connection with the defense or settlement of damage claims, including the compensation of general solicitor or counsel; salaries, fees, and expenses of attorneys, fees of court stenographers; cost of law books, printing of briefs, court and other records; court costs, expenses connected with taking depositions, and all other like expenses connected with the settlement of claims for injuries and damages.

The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be apportioned between this account and Account No. 76, "Law Expenses."

If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged should be credited to a reserve account, and the actual disbursements above enumerated should be charged against said reserve account.

This account does not include the expenses incurred in connection with the settlement of claims for loss, damage, or delay of goods intrusted for transportation. (See Account No. 71, "Loss and Damage.")

83. Insurance.

This account includes premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglary, and all other insurance.

The amount set aside as an insurance reserve by a company carrying its own insurance in whole or in part, should be charged to this account.

84. Stationery and Printing.

This account includes all expenditures for stationery and printing including postage, and stationery supplies, except as hereinafter provided. The cost of printing tickets, transfers, and baggage checks should be charged to Account No. 63, "Miscellaneous Car-Service Expenses." The cost of printing briefs and other legal papers should be charged to Account No. 76, "Law Expenses," or No. 82, "Injuries and Damages." The cost of printing signs, posters, and other advertising matter, should be charged to Account No. 46, "Advertising." The cost of mechanical calculators, typewriters, duplicating machines,

and other office appliances if for use of general office should be charged to Account No. 75, "General Office Supplies and Expenses," or if for the use of departmental officers, to the proper accounts.

85. Store Expenses.

This account includes all salaries and expenses in connection with storerooms, including cost of sending material and supplies from general storerooms to branch storerooms, and the collection of scrap material.

86. Stable Expenses.

This account includes the cost of feed, keep, and shoeing of horses, wages of stablemen and hostlers, veterinary expenses, and all other stable expenses. This account should include the stable expenses of all horses, regardless of where they are used. Replacing horses lost by death or worn out in service, and repairs and renewals of harness and vehicles, should be charged to Account No. 40, "Horses and Vehicles."

87. Rent of Tracks and Terminals.

This account includes all payments to other companies for rent or use of their tracks, whether on the basis of a fixed charge per month or per year, or a proportion of interest on valuation or a proportion of expenses incurred in maintaining and operating such tracks or on a car-mileage basis or a charge per car or passenger, or by any other arrangement. Also payments for use of facilities at terminal points, including main and other tracks, and freighthouse facilities, proportion of expenses of handling freight, union station facilities, etc.

Rent of leased line no longer operated by the lessor company is not considered an operating expense, and should, therefore, not be charged to this account, but treated as a deduction from income under "Rents of Leased Lines."

88. Rent of Equipment.

This account includes payments to other companies for rent or use of their cars, electric equipment of cars, and other equipment.

TEXT OF CLASSIFICATION OF OPERATING REVENUES.

This classification is to be kept entire by Class A, B, and C, companies.

GENERAL ACCOUNTS.

Account I. Revenue from Transportation.

Account II. Revenue from Operations other than Transportation.

PRIMARY ACCOUNTS.

I. REVENUE FROM TRANSPORTATION.

1. Passenger Revenue.

This account includes amounts earned by a carrier for the transportation of passengers.

To this account should be credited a carrier's proportion of receipts from the sale of tickets and the collection of cash fares; also overcollections made in excess of determined rates, such overcollections to be held subject to claim. This account should be charged with amounts paid for fares refunded; tickets redeemed; also amounts paid for transferring passengers and baggage between stations or depots, except in cases where the transfer of both passengers and baggage is provided for in the division of the through rate.

Note A.—Cash fare penalty collections made by conductors and the proportion of amounts collected on sale of mileage tickets and mileage credentials subject to refund should not be credited to Passenger Revenue.

Note B.—Passenger Revenue should be credited with mileage tickets only as the mileage therefrom is honored for transportation. Receipts from mileage books when sold should be credited to an open account, which account should be charged and Passenger Revenue credited as the mileage is honored. A similar practice may be followed in connection with the sale of strip, coupon, and other tickets.

2. Baggage Revenue.

This account includes amounts earned by a carrier for the transportation of baggage in excess of free authorized allowances; also packages, articles, dogs, etc., transported as baggage. To this account should be charged all baggage refunds.

3. Parlor, Chair, and Special Car Revenue.

This account includes amounts earned by a carrier in fares collected from passengers for seats in parlor, observation, chair, and other special passenger cars operated by railway companies. This account also includes revenue from cars chartered for special passenger service. To this account should be charged authorized refunds and tickets redeemed.

4. Mail Revenue.

This account includes amounts earned by a carrier for the transportation of mails and for the use of railway post-office cars, special facilities, and bonuses for special mail transportation. To this account should be charged fines and penalties imposed by the Government when not collected from agents or employees.

5. Express Revenue.

This account includes amounts earned by a carrier for the transportation and for facilities on cars and at stations incident to the transportation of express matter, not including the separate rents of offices at stations. (See Account No. 17, "Rents of Buildings and Other Property.")

When a railway company transacts an express business through its regular railway organization, the earnings therefrom should be credited to this account.

The term "express" is intended to cover matter handled at a higher rate than freight on account of quicker service or collection and delivery.

6. Milk Revenue.

This account includes amounts earned by a carrier for the transportation of milk and cream. To this account should be charged refunds and overcharges on milk and cream so carried.

7. Freight Revenue.

This account includes amounts earned by a carrier for the transportation of freight.

To this account should be credited a carrier's proportion of receipts for freight transportation; also overcollections made in excess of proper rates, such overcollections to be held subject to claim. To this account should be charged overcharges paid resulting from the use of erroneous rates, weights, or classification; amounts paid for switching absorbed, authorized allowances, uncollected earnings on freight destroyed in transit and on short and lost freight, also uncollectible undercharges determined after delivery has been made.

8. Switching Revenue.

This account includes amounts earned by a carrier for switching service. To it should be charged all overcharges on such switching.

9. Miscellaneous Transportation Revenue.

This account includes amounts earned by a carrier from transportation not otherwise provided for.

II. REVENUE FROM OPERATIONS OTHER THAN TRANSPORTATION.**10. Station and Car Privileges.**

This account includes a carrier's revenues from weighing, vending and other automatic machines located at stations; from advertising

at stations and on cars; from news companies or others for the privilege of operating news stands at stations and selling papers, periodicals, fruit, etc., on cars; from telephone companies for the privilege of installing and operating commercial telephones at stations, and from other similar sources.

11. Parcel-Room Receipts.

This account includes a carrier's revenues from the operation of parcel rooms, the expenses of which are included in operating expenses.

12. Storage.

This account includes a carrier's revenues for storage of freight and baggage. To it should be charged authorized refunds.

13. Car Service.

This account includes amounts accruing as penalties for delay in loading or unloading cars (demurrage). To it should be charged authorized refunds.

14. Telegraph and Telephone Service.

This account includes a carrier's revenues from commercial telegraph and telephone business transacted by it when the expense of transacting such business cannot be separated from the expense of conducting the railway service; amounts received from telegraph and telephone companies, whether proportion of earnings or otherwise for the privilege of transacting a commercial telegraph or telephone business in offices along the carrier's lines, when the carrier furnishes some service of its employees whose wages are included in operating expenses.

Note.—When a telegraph or telephone company rents the telegraph or telephone line of a carrier and pays all expenses incident to its maintenance and operation, the rent received should be treated as Income.

15. Rents of Tracks and Terminals.

This account includes all compensation received for the use of tracks, electric lines, terminals, and bridges, on whatever basis such compensation may be determined. It may be a fixed sum per annum or a fluctuating rent based upon the number of car-miles run, passengers carried, etc.

Income from leased lines not operated by the lessor should be included in Miscellaneous Income.

16. Rents of Equipment.

This account includes all rent received for cars, electric equipment of cars, and other equipment on whatever basis such rent may be determined.

17. Rents of Buildings and Other Property.

This account includes a carrier's revenues from rents of buildings, land, and other property, such as depot and station grounds and buildings, general and other offices, rooms rented at stations, docks, wharves, ferry landings, section and other houses, etc., when such property is used in connection with operations.

Note.—Income from rent of real estate, purchased or conducted as an outside investment, should be included in Miscellaneous Income, after deducting all taxes, insurance, water rents or rates, cost of repairs, and other expenses connected with such real estate.

18. Power.

Sale of Power.—This account includes all receipts from the sale of power, whether for lighting, heating, or motive purposes. If the company conducts a general lighting and power business, as well as a railway business, the receipts from such lighting and power business should not be credited to this account, but to a separate account. The expenses of conducting such lighting and power business should be excluded from the operating expenses of the railway through the means of the several accounts entitled "Other Operations—Cr."

Joint Electric Rent Revenue.—When a carrier engages in the production of power for the benefit of another company or companies under an arrangement for the apportionment of expenses, if such arrangement provides for the receipt by the carrier of any profit or return upon its investment, such profit or return should be credited to this account. Such profit or return must be over and above any provision for wear and tear and depreciation in the said production, and the amount thereof should be as provided in the arrangement under which the joint production occurs.

19. Miscellaneous.

This account includes all revenue from operations other than transportation not included in the preceding revenue accounts.

TEXT OF CLASSIFICATION OF EXPENDITURES FOR ROAD AND EQUIPMENT.

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This classification is to be kept entire by class A, B, and C, companies.

Special Note.—Where the consideration in the transaction shown in any entry relating to road and equipment is anything other than money, the actual consideration should be shown in the entry, and the actual cash value thereof shown in the values columns.

GENERAL ACCOUNTS.

Account I. Road.

Account II. Equipment.

Account III. General Expenditures.

PRIMARY ACCOUNTS.

I. ROAD.

1. Engineering and Superintendence.

To this account should be charged all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and all expenses incident to the work.

Note A.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses should be charged to the specific work on which engaged.

Note B.—When any of the expenses above enumerated can be charged directly to the account for which incurred, they should be so charged, and not to this account.

2. Right of Way.

To this account should be charged the cost of land acquired for roadbed; expenses of appraisals, or juries, commissioners, or arbitrators in condemnation cases; cost of removal of buildings (if upon right of way, and not included in property purchased); commissions paid outside parties for purchase of properties for these purposes; cost of plats, abstracts, notarial fees, recording deeds, etc., and payments for abutting damages.

Note.—The estimated value of property not required in connection with the operation of the road after completion thereof, but acquired and charged to this account in connection with land needed for right of way, should, upon completion of the road, be credited to this account and charged to an appropriate property account. Where such property is sold upon or prior to the completion of the road, the proceeds of sale thereof should be credited to this account.

3. Other Land Used in Electric Railway Operations.

To this account should be charged the cost of land acquired for use directly in connection with the operation of the road, but in excess of,

and in addition to that actually required for roadbed, including all expenses incurred in connection with such acquisition, as enumerated in Account No. 2, "Right of Way."

4. Grading.

To this account should be charged the cost of grading roadbed, whether excavations or embankments; reconstructing pikes or roads; ditching roadbed; and ditches for waterways. This account should include the cost of retaining walls and other masonry or riprap for the protection of embankments, cuts, and slopes.

5. Ballast.

To this account should be charged the cost of ballast, whether of broken stone, slag, gravel, or other material specially provided for this purpose; also the cost of loading, hauling, and unloading alongside of track, and of transportation.

6. Ties.

To this account should be charged the cost of cross, switch, bridge, and other ties and railway crossing timbers laid in main and repair tracks, sidings, and spurs; in tunnels, station, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, in carhouses, shops, and storehouses, and on transfer tables and turntables. To this account should be charged also the cost of transportation, inspection, handling (except final distribution), and any process of preservation.

7. Rails, Rail Fastenings, and Joints.

To this account should be charged the cost of rails, rail fastenings, and joints laid in main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, in carhouses, shops, and storehouses, and on transfer tables and turntables. To this account should be charged also the cost of transportation, inspection, and handling (except final distribution.)

8. Special Work.

To this account should be charged the cost of special work, including steam and street railroad crossings, cross-overs, curves, frogs, run-offs, switches, switch-mates, and turn-outs. To this account should also be charged the cost of transportation, inspection, and handling (except final distribution).

9. Underground Construction.

This account is to be used only by railways operated by underground electric contact system, or by those operated by cable traction.

To this account should be charged the cost of underground construction, including yokes, concrete work, manhole frames and covers.

slot rails, drainpipes, pulleys, sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction. To this account should be charged also the cost of transportation, inspection, and handling (except final distribution).

Note.—The cost of track rails, track rail fastenings and joints, and electric contact rails and insulators, and cables of cable railways, should not be charged to this account.

10. Paving.

To this account should be charged cost of labor and material for paving about tracks and special work, and cross walks incidental to track construction.

11. Track Laying and Surfacing.

To this account should be charged the cost of distributing, laying, spacing, and lining ties; cost of laying, jointing and spiking rails; surfacing and lining track, and labor of placing frogs, switches, and special work; cost of track tools; cost of spreading ballast and putting it under track; expenses of distributing track material, and cost of transportation of men, tools, appliances, and outfits used on this work.

12. Roadway Tools.

To this account should be charged the cost of the first outfit of tools, including hand and push cars, velocipedes, speeders, etc., furnished section, bridge, carpenter, and other gangs properly to equip them to protect, maintain, and repair the property when it is opened for the handling of commercial traffic.

13. Tunnels.

To this account should be charged the cost of tunneling, including such timber as may be used; cost of material used, and labor expended in the construction of tunnels.

Note.—This account does not include cost of the track through the tunnel or of surfacing such track.

14. Elevated Structures and Foundations.

This account is intended to be used only by companies operating an elevated railway system.

To this account should be charged cost of all material used and labor expended in the construction of elevated structures and foundations.

15. Bridges, Tressles, and Culverts.

To this account should be charged the cost of material used and labor expended in the construction of bridges and trestles erected to carry tracks over streams, ravines, streets, or other railways, and culverts, both substructure and superstructure, including transportation. This account should include cost of abutments, piers, supports,

draw and pier protection: machinery to operate drawbridges, guard rails, masonry ends, and wing walls for culverts; cost of inspection of bridge material; cost of tests; cost of wing dams, cribs, or ice breakers for regulating the current of a stream or breaking up ice jams; also labor and material used in painting structures.

Note.—Any structure carrying tracks over other tracks, a stream, ravine, highway, or canal should be considered a bridge or culvert. The cost of structures carrying other tracks, canals, highways, etc., over a carrier's track should be charged to Account No. 16, "Crossings, Fences, Cattle Guards, and Signs."

16. Crossings, Fences, Cattle Guards, and Signs.

To this account should be charged the cost of material used and labor expended in constructing street, road, and farm crossings at grade; overhead bridges and viaducts; roadways of undergrade foot or wagon crossings; crossing gates and warning signals; cost of drainage and excavations for undergrade crossings; and payments and assessments for street repairs or sewers at crossings; right-of-way fences, snow and sand fences, cattle guards, wing fences, aprons, and hedges; mile, section, warning, and other roadway signs.

17. Interlocking and Other Signal Apparatus.

To this account should be charged the cost of material used and labor expended in constructing interlocking and other signal apparatus complete.

18. Telegraph and Telephone Lines.

To this account should be charged the cost of material used and labor expended in constructing telegraph and telephone lines, including conduits, poles, cables, wires, and instruments; also labor employed in the construction work, cost of all tools used, and cost of transportation.

Note.—If telegraph or telephone wires are carried on poles and fixtures or in conduits used for other purposes, the cost of such poles and fixtures or conduits should be charged to Account No. 19, "Poles and Fixtures," or Account No. 20, "Underground Conduits."

19. Poles and Fixtures.

To this account should be charged the cost of poles, cross-arms, and insulating pins; brackets and other pole fixtures, braces and other supports for holding the poles in position; also structures for supporting the overhead electric railway construction, and all labor expended in connection with the construction of pole lines or structures.

20. Underground Conduits.

To this account should be charged all material used and labor expended in constructing conduits required for underground wires and cables, including manholes, sewer connections, sewer traps, and all material necessary for the completion of the conduit system.

21. Transmission System.

To this account should be charged the cost of material used and labor expended in constructing high-tension transmission system, including cables, wires, insulators, and insulating material.

Note.—In electric railway operations, when the electric current generated (or received) is changed by means of (a) rotary converters or (b) motor generator sets or (c) static transformers (substation apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the "Transmission System." Tie lines between generating stations and substations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as the "Distribution System."

22. Distribution System.

To this account should be charged the cost of material used and labor expended in constructing distribution system, including overhead and underground feeders for transmitting low-tension power from power stations and substations, including insulators and connections; track bonding, including track bonds, cost of punching and drilling rails for same; overhead trolley lines, including cost of trolley, guard, span, strain, supplementary, and other wires, and all catenary construction used in connection with overhead trolley system; cost of third rail, braces and supports for same, insulating devices, materials used for covering and protecting same, and all fixtures and appliances connected with third-rail conductors; cost of underground contact rails, and appliances used in underground contact system, including rails, braces, supports, and insulating devices.

Note.—In electric railway operations, when the electric current generated (or received) is changed by means of (a) rotary converters or (b) motor generator sets or (c) static transformers (substation apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the "Transmission System." Tie lines between generating stations and substations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system) including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as the "Distribution System."

23. Dams, Canals, and Pipe Lines.

To this account should be charged the cost of all dams, canals, aqueducts, pipe lines, and penstocks devoted to the utilization of water power and the delivery of the water to the inlet valve of the turbine or water wheel, also that of all wasteways from the outlet of the draft tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams, also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals

and pipe lines, and all trestles and other supporting structures: also all viaducts, bridges, foot bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

24. Power-Plant Buildings.

To this account should be charged the cost of material used and labor expended in erecting buildings to be used as power-generating plants, including excavations, foundations, drainage; gas and water pipes and connections; grading grounds, and furniture and fixtures when built into and constituting a part of the building.

25. Substation Buildings.

To this account should be charged the cost of material used and labor expended in erecting buildings to be used as power substations, or storage-battery buildings, including excavations, foundations, drainage; gas and water pipes and connections; grading grounds; and furniture and fixtures, when built into and constituting a part of the building.

26. General Office Buildings.

To this account should be charged the cost of material used and labor expended in erecting buildings devoted to general office purposes, the cost of all fixtures thereto attached, and the cost of furniture for the equipment of such buildings.

Note.—The cost of land occupied by general office buildings should be charged to Account No. 3, "Other Land used in Electric Railway Operations."

27. Shops and Carhouses..

To this account should be charged the cost of material used and labor expended in erecting all buildings to be used as shops, car sheds, or carhouses; plants for furnishing power for heating and lighting the buildings; and oil houses, sand houses, and storehouses; preparing grounds before and clearing up same after construction; foundations; painting; sewerage systems; connections with water-supply systems; architects' fees for drawing plans and supervision of construction; and transportation and incidental expenditures.

28. Stations, Waiting Rooms, and Miscellaneous Buildings.

To this account should be charged the cost of material used and labor expended on stations, waiting rooms, and other buildings not provided for elsewhere in this Classification, including cost of transportation; station signs, platforms, sidewalks, excavations, foundations, drainage; water, gas, and sewer pipes and connections; steam-heating apparatus, stoves, electric light and power fixtures, including wiring for same; grading and putting grounds in order after buildings have been finished; electric bells, elevators, and all other material,

furniture, or fixtures used to complete the buildings; wells for water supply of stations; salaries and expenses of architects; also cost of fences, edges, turnstiles, etc., around station grounds.

29. Docks and Wharves.

To this account should be charged the cost of material used and labor expended in constructing docks, wharves, ferry or other landings, and inclines to transfer steamers, including dredging.

Note.—The cost of ground on which docks or wharves are built and of riparian or water-front rights in connection therewith should be charged to Account No. 3, "Other Land used in Electric Railway Operations."

30. Power-Plant Equipment.

To this account should be charged the cost of material used and labor expended in equipping plants for generating power; cost of engines, boilers, pumps, condensers, and all equipment for generating steam power; dynamos, generators, wiring and appliances, and all equipment for generating electric current; foundations for any of the foregoing equipment; switchboards and all fixtures and appliances connected therewith.

Note.—The cost of cables and machinery for the propulsion of cables used in the operation of cable or incline railways should be charged to this account.

31. Substation Equipment.

To this account should be charged the cost of material used and labor expended in equipping power substations; cost of storage batteries, transformers and rotary converters, including foundations therefor; switchboards, and all fixtures and appliances connected therewith.

32. Shop Equipment.

To this account should be charged the cost of machinery and tools used in shops or carhouses, including foundations therefor; and cost of loading, unloading, and placing machinery in position. This account includes the cost of stationary engines and boilers, motors, compressors, shafting, belting, cranes, forges, and all other machinery and tools necessary to first equip shops.

33. Park and Resort Property.

To this account should be charged the cost of property in amusement parks or resorts.

Note.—The cost of land used for such purposes should be charged to Account No. 3, "Other Land used in Electric Railway Operations."

34. Cost of Road Purchased.

To this account should be charged amounts paid for road purchased. In this connection attention is specifically directed to the note at the beginning of this classification. Where payment is made by an issue of the company's securities or other commercial paper, the cash value thereof at the time of such payment should be charged.

Where the purchase price paid includes equipment, in addition to the road, the equipment received should be appraised and the appraised value thereof should be charged to the appropriate equipment accounts, the difference between same and the total amount paid in cash, or the cash value of securities issued in payment, being charged to this account.

When contracts are entered into for the construction of a completed road for a fixed amount, whether payable in cash or in the company's securities, the amount paid in cash, or the cash value of the securities issued in payment, should be charged to this account. In case the contract amount includes equipment in addition to the road, the value of the equipment should be ascertained by appraisal and treated as above provided.

II. EQUIPMENT.

35. Cars.

To this account should be charged all expenditures for passenger, baggage, express, freight, mail, and other cars from the operation of which revenue is derived.

The term "cars" includes car bodies and trucks, and all fixtures or appliances inside of or attached to the car bodies or trucks (except the electric equipment of the cars).

36. Locomotives.

To this account should be charged all expenditures for locomotives, including all appurtenances, furniture, fixtures, and electric equipment necessary to fit them for service.

37. Electric Equipment of Cars.

To this account should be charged all expenditures for electric equipment and wiring of all cars, whether revenue or work cars, including labor, material, tools, freight, hauling of material, and all other expenses incident to the work.

38. Other Rail Equipment.

To this account should be charged all expenditures for water cars, sprinkling cars, sand cars, salt cars, supply cars, and other work cars; snow plows, sweepers, scrapers, and miscellaneous snow equipment.

39. Miscellaneous Equipment.

To this account should be charged all expenditures for horses, harness, wagons, automobiles, and other road vehicles.

III. GENERAL EXPENDITURES.

40. Law Expenses.

To this account should be charged expenditures of the following nature, incurred during the progress of the construction of a road: The pay and expenses of all counsel, solicitors, and attorneys, their

clerks and attendants and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suits and payments of special fees, notarial fees, and witness fees not elsewhere provided for, and expenses connected with taking depositions; also all legal and court expenses.

Note.—When any of the expenses above enumerated can be charged directly to the account for which incurred, they should be so charged, and not to this account.

41. Interest.

To this account should be charged interest on loans effected and on notes issued for money borrowed for construction purposes or for purchase of equipment; interest on overdue payments to contractors or other creditors; discounts and commissions on securities issued for construction purposes or to raise funds for construction; and interest and exchange on other commercial paper issued for similar purposes. Interest on bonds and other securities, including equipment bonds or car-trust notes, paid or accrued during construction and before line is opened for operation, is chargeable to this account. To this account should be credited all interest received on moneys acquired for purposes of purchase or construction of road or equipment.

Note.—The Interstate Commerce Commission prescribe that discounts and commissions on securities issued for construction purposes or to raise funds for construction should not be charged to this account or considered as a proper charge against construction.

42. Injuries and Damages.

This account includes all expenses incident to injuries to persons or damage to property caused directly in connection with construction of road and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance; medical and surgical supplies; artificial limbs; railway and carriage fares for conveying injured persons and attendants; also proportion of pay and expenses of claim adjusters and their clerks, witness fees, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head.

Note A.—When any of the expenses enumerated above can be charged directly to the account for which incurred, they should be so charged, and not to this account.

Note B.—Expenses in connection with the conduct of suits not otherwise provided for should be charged to Account No. 40, "Law Expenses," but the amount of final judgments, including plaintiffs' court costs should be charged to this account.

43. Taxes.

To this account should be charged all taxes and assessments levied and paid on property belonging to the company while under construction and before the road is opened for commercial operation, except special taxes assessed for street and other improvements, such

as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which should be charged to the account to which the property affected was charged.

44. Miscellaneous.

To this account should be charged organization expenses, including the payment of all necessary fees; the cost of printing certificates of stocks and bonds, with payments to trustees and expenses incurred in the disposal of securities; salaries and expenses of executive and general officers of a road under construction and of clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, and furniture and office expenses; also all items of a special and incidental nature which can not properly be charged to any other account in this Classification.



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